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GENELABS ANNOUNCES POSITIVE RESULTS OF PIVOTAL TRIAL - Company Intends to Submit New Drug Application to FDA-

Redwood City, Calif. – Sept. 21, 1999 – Genelabs Technologies, Inc. (NASDAQ:GNLB) today announced positive results of its second Phase III clinical trial of GL701, its investigational drug for systemic lupus erythematosus (SLE). Based on the strength of preliminary data from this study and the results of the first Phase III clinical trial, the company intends to submit a New Drug Application (NDA). Genelabs has requested a pre-NDA meeting with the Food and Drug Administration (FDA) and intends to begin the submission process as soon as possible following that meeting.

"Because of the current lack of effective therapies for patients with SLE, we are delighted with these positive results," stated James A.D. Smith, Genelabs President. "The favorable outcome of this study is truly a milestone for both Genelabs and people with SLE as we work toward commercialization of the first new treatment for lupus in many decades."

Marc Gurwith, M.D., Genelabs Vice President of Drug Development and Chief Medical Officer commented, "I wish to thank all of the patients, physicians and their medical teams who participated in this groundbreaking clinical trial. We look forward to submitting the results of this study to the FDA and presenting the data in an appropriate scientific forum."

Study Design The study enrolled 381 women with SLE randomized to receive either an oral dose of 200 mg of GL701 or placebo once a day for 12 months. The study was designed to determine whether GL701 can improve or stabilize clinical outcome and disease symptoms in people with SLE. Efficacy was measured by the response of the patients to the treatment (disease activity was stable or improved) utilizing measurement tools including Systemic Lupus Erythematosus Disease Activity Index (SLEDAI), Systemic Lupus Activity Measure (SLAM), Krupp Fatigue Severity Score (KFSS), and Patient Global Assessment.

Systemic Lupus Erythematosus (SLE) SLE is a life-long, devastating autoimmune disease that primarily affects women, many of whom experience the initial onset of disease in their late teens and early twenties. There are approximately 200,000 people with SLE in the United States and more than one million worldwide, according to various government and private sector statistics. SLE causes the immune system to attack the body's own tissue, which can lead to inflammation, pain and injury to tissues and major organs. People with SLE can develop different combinations of symptoms and organ involvement. Common signs and symptoms include severe fatigue, arthritis, facial rash and unusual sensitivity to sunlight as well as inflammation of the lungs and heart. More serious, life-threatening organ damage, which involves inflammation of the brain tissue and kidney failure, can lead to poor quality of life and ultimately death. There is no cure for SLE. The multi-faceted manifestations and unknown etiology of the disease have made SLE difficult to study and to treat. No drug has been approved for the treatment of SLE in the US in the past 40 years. Current treatment is primarily limited to inflammation suppression, most commonly through chronic use of steroids such as prednisone. Long-term use of steroids has many serious adverse consequences including premature osteoporosis, atherosclerosis and diabetes.

GL701 Genelabs' therapeutic approach with GL701, through an exclusive license

from Stanford University, is to increase levels of dehydroepiandrosterone (DHEA) in patients with SLE. GL701 is a pharmaceutical preparation that contains prasterone, the pharmaceutical generic designation for DHEA, as the active ingredient. DHEA is a naturally occurring hormone that is produced by the adrenal glands. People with SLE generally have abnormally low levels of DHEA and studies have shown that hormonal influences may play a role in the development and progression of SLE.

Genelabs completed its first Phase III trial with GL701 in 1997. In the first study, steroid-dependent SLE patients had a higher rate of response to treatment with GL701 than patients on placebo, demonstrated by sustained reduction of their prednisone dose to physiologic levels. Data from this study were presented at the American College of Rheumatology National Scientific Meeting in November 1997 and showed that, compared to the placebo group, a greater percentage of patients who received daily doses of 200 mg of GL701 achieved the primary endpoint of a sustained reduction of their steroid dose to 7.5 mg per day or less while improving or maintaining stable disease activity. This beneficial effect was most evident in the group of SLE patients with active disease (SLEDAI >2) at baseline. The ability to reduce steroid use among people with SLE has been a major goal in lupus clinical research because long-term use of steroids is responsible for many serious and life-threatening toxicities.

Earlier this year the FDA granted Fast Track designation to GL701 for SLE, which means that the FDA has determined that GL701 is intended to treat a serious or life-threatening condition for which there is no adequate therapy currently available. This designation also means that the FDA can take actions to expedite the review of the NDA including assigning priority review status. In 1994, GL701 received Orphan Drug designation from the FDA for the treatment of SLE. Orphan Drug designation provides seven years of marketing exclusivity from the date of a drug's approval.

Genelabs intends to retain the right to market GL701 in the United States and is seeking partners for development and marketing of GL701 outside of the US. The company is the exclusive licensee of two issued US patents from Stanford University which cover the use of GL701 in lupus patients to reduce concomitant steroid dosage and for the treatment of lupus with or without additional drug therapies.

Genelabs Technologies, Inc. is a biopharmaceutical company engaged in the discovery of small molecule drugs that bind to DNA or RNA to regulate gene expression or inactivate pathogens. The company's drug discovery program is based on an integrated platform of technologies that encompasses genomics, transcription biology, structure-biased combinatorial chemistry, high-throughput screening and several proprietary validation and characterization assays. The company's development efforts are focused on its drug candidate, GL701, which has completed two Phase III clinical trials as a new therapy for systemic lupus erythematosus.

NOTE Except for historical information, the statements in this news release are forward-looking and are subject to uncertainties and risks that could cause actual results to differ materially from the statements made. Uncertainties and risks include, without limitation, the adequacy of the company's GL701 clinical trial processes and whether the results of those clinical trials and other supporting information will be sufficient to support regulatory submissions and/or approvals; delays regarding the regulatory approval process including the timing and scope of approval received, if any; uncertainties and risks regarding market acceptance of GL701 as a treatment for SLE; the company's limited manufacturing and marketing experience; the validity, scope and enforceability of patents related to GL701; the company's capital requirements and history of operating losses; and uncertainties and risks regarding the company's ability to raise needed additional capital or consummate strategic or corporate partner transactions on favorable terms or at all. The company has not submitted applications for regulatory review in the US or other countries, and the regulatory authorities have not yet made a determination as to the safety or efficacy of GL701 for SLE. Please see the information appearing in the company's filings with the Securities and Exchange Commission, in particular information under the caption "Risk Factors" in the company's 1998 Form 10-K, for more discussion regarding these uncertainties and risks and those associated with

the company's research programs, early stage of development and other risks which may affect the company. The company does not undertake any obligation to update these forward-looking statements to reflect events or circumstances after the date of this release.

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